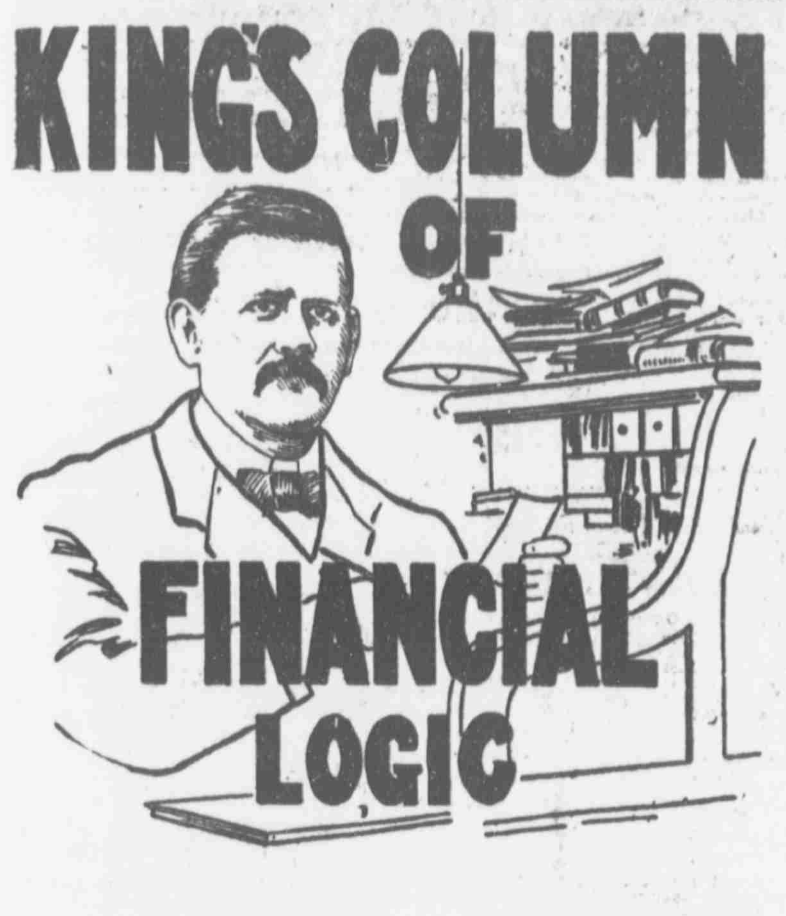

LATEST TRAGEDY IN HIGH FINANCE

Much has been written in the financial columns of newspapers this week about the alleged cutting of a ripe watermelon, and the passing around to stockholders of big, juicy slices by the United Shoe Machinery Company of Boston. I have read all that has been printed about the matter in the newspapers of Boston, New York and Philadelphia—read it all with a great deal of interest and a marked degree of amazement.

The occasion for all the comment has been the incorporating by those at interest in the United Shoe Machinery Company of the United Shoe Machinery Corporation under the laws of the State of New Jersey, with an authorized capital stock of $50,000,000.

The United Shoe Machinery Company, with its capital stock of $25,000,000, is to close its shutters and quit business. The United Shoe Machinery Corporation, with its $50,000,000 capitalization, is to hoist its flag on the Albany Building in Boston, and continue at the old stand the business of the United Shoe Machinery Company.

Stockholders of the United Shoe Machinery Company have been instructed by the new United Shoe Machinery Corporation to send in their certificates, duly signed in blank or to the bankers designated to receive them, and provided said certificates are so deposited on or before June 29th, 1905, the holders thereof will receive for each share of the preferred stock deposited, one share of the preferred stock of the new United Shoe Machinery Corporation, and for each share of the common stock deposited, the holder thereof will receive one and one-half shares of the common stock of the United Shoe Machinery Corporation.

Stockholders are also given to understand that they will receive a cash payment of 37½ cents on each share of the preferred stock deposited, and 75 cents cash payment on each share of the common stock deposited. Since these cash payments represent only the quarterly dividends, and which would be payable in any case by the United Shoe Machinery Company, July 15th, this cash distribution on behalf of the new United Shoe Machinery Corporation cannot be considered in any manner as a part of the "melon" in question.

The proposition made by this new $50,000,000 corporation to the stockholders of the United Shoe Machinery Company may, therefore, be summed up in a nutshell as follows: Form in line quick and deposit your shares; close your eyes and be satisfied to receive share for share in the $50,000,000 corporation for each preferred share deposited, and one and one-half shares in the new corporation for each share common stock deposited.

To my mind it is a cold, frigid deal. It is the latest tragedy in high finance. It represents the passing glory of a great and powerful corporation. The United Shoe Machinery Company was organized in 1899. It is a combination of several large concerns engaged in the manufacturing of shoe machinery. The capital stock consists of $25,000,000, divided into $12,500,000 6% cumulative preferred and $12,500,000 common stock. The par value of the shares is $25 each. Dividends have been paid regularly at the rate of 6% on the preferred stock, and there have also been paid dividends to the amount of 8% annually on the common stock.

For more than a year the company has been accumulating a nice surplus, and it has been generally understood that the dividend rate on the common stock would be materially increased. This belief has grown on investors to such an extent that the quotations on the common stock advanced steadily from 45½ last year until it reached 95 a week or ten days ago. This quotation is equivalent to 380 based on the par value of $100 per share. The preferred stock has likewise advanced until it reached a quotation of 39½, which is equivalent to 158¼, based on par value of $100 per share.

Surely this is a record of which the officials of any corporation may well be proud. It is the record of the United Shoe Machinery Company to date—a record that, sad to relate, brings the company to the close of its chapter. The cold, heavy grasping hand of high finance has been laid upon the enterprise, and issued orders that "Finis" be written against its successful career of six years.

It is stated that the United Shoe Machinery Corporation "intends to declare regular quarterly dividends at the rate of 6% per annum on its preferred stock, and at least 8% on its common stock, the first of such dividends to be paid in October, 1905."

It may be recalled that when the stockholders of the Boston & Montana Consolidated Mining Company, which company earned and paid dividends in six years to the amount of 576%, were being rounded up and prevailed upon to surrender their shares for stock in the Amalgamated Copper Company, the argument was advanced that it was for their best interest; that the Amalgamated Copper Company was going to astonish the world with the great dividends it would pay, and all that sort of thing. Anyhow, practically all the shares outstanding of the Boston & Montana Consolidated Mining Company were delivered into the treasury of the Amalgamated Company, and since that time the dividends that have been paid by the Amalgamated Copper Company to the people originally owning the valuable Boston & Montana stock would scarcely be sufficient to buy a last summer's straw hat.

It may be that the new United Shoe Machinery Corporation, with its $50,000,000 capitalization, will make "good" its promises, but if the company pays 8% annually on its common stock, then my logic holds good that the present company could and should pay at least 16% annually on its common stock.

I have before me my letter book of last December, and I find copies of letters written from my office to investors inquiring of me about the United Shoe Machinery Company at that time. In a letter written December 17th I said: "I would advise you to hold on to your stock of the United Shoe Machinery Company. I think very well of that company indeed. It is one of the few large corporations that is not over capitalized, and it is admitted by all that it is under able and honest management." That is what I said last December about the United Shoe Machinery Company. I have said practically the same thing repeatedly since that time.

In the light of events of this week, viewing and analyzing carefully the "melon" which has fleen cut by the United Shoe Machinery Company for the alleged "benefit" of its stockholders, my opinion is that every one owning shares in that enterprise should make haste to close them out while the quotations are yet reasonably strong. I would not advise any one to partake of the "melon."

I contend that the men and women throughout the country who have bought and held on to the common stock of the United Shoe Machinery Company, held it all along from $28 to $95 per share, are entitled to and should receive a better deal than that offered them by the new $50,000,000 United Shoe Machinery Corporation. The same is true of those who have held on to the preferred stock—held on to it from $22.25 to $39.50 per share. But it is no use. The heavy hand of high finance is on the throttle, and the holders of both preferred and common shares of the United Shoe Machinery Company must pay the fare demanded, or get off the train.

It is but another example of the slippery, wily ways of high finance—but a painful illustration of the fact that only too often great corporations find a way to avoid the payment of large dividends to stockholders.

It is related by Macaulay that Lord Clive, who was something of a "Napoleon of Finance" in his day, on being accused and convicted of an irregularity involving several million pounds, admitted the arts which he had employed to deceive, and resolutely said that he was not ashamed of them He admitted that he had received and appropriated large sums for his personal benefit, but denied that in doing so he had violated any obligations of morality or honor, and described in vivid language the situation in which his position placed him. "Great Princes," he said, "were dependent on him for pleasure; an opulent city afraid of being given up to plunder; wealthy bankers bidding against each other for his smiles; vaults piled with gold and jewels thrown open to him." "By God! Mr. Chairman," he exclaimed, "at this moment, I stand astonished at my own moderation."

A Way Out of the Whirlpool of Uncertainty And a Description of Securities That Are Secure

I am not a calamity howler. I am not of the school of alarmists who cry "Danger Ahead" without offering a suggestion or means of escape. I invite all investors who to-day find themselves engulfed in the whirlpool of uncertainty of the new $50,000,000 United Shoe Machinery Corporation to forward their certificates to me by registered mail, and, if so instructed, I will sell the shares immediately at the highest obtainable market quotation, and apply the gross proceeds to the purchase of securities in any of the four companies which I shall describe herewith, and I will make no brokerage or commission charge whatsoever for my services in the matter.

In extending this invitation to the stockholders of the United Shoe Machinery Company, I am able to do so with perfect assurance that the dividends which they will receive from an investment in securities of any or all of the corporations here described will be far greater than the dividends which anyone could hope to receive at the hands of this new born child of high finance.

I extend the same invitation to the holders of any corporation securities dealt in on the exchanges of New York, Boston and Philadelphia, and in doing this I wish to point out to investors the erratic and unsettled condition of the market during the past three weeks. Surely there have been made manifest sufficient symptoms of uncertainty to warn the moderate investor of approaching danger.

I do not pretend to say that there is a panic coming in corporation securities which are dealt in on our great exchanges, but I do say, and I say it with all the earnestness at my command, that investors in these securities, of moderate means, dependent largely on the return which their invested capital yields to them, should avail themselves of the opportunity here offered to get out of the stock market and reinvest their funds in securities uninfluenced by the doings of Wall Street and the manipulation of corporation shares by gamblers who, perchance, can afford to lose millions while the moderate investor can ill afford to lose a few hundreds.

I have said all along, and I repeat that it is not the part of wisdom for any person with only a few thousands for investment to have anything whatsoever to do with corporation securities which are in position to be manipulated on the floors of our great stock exchanges. As an illustration of the truthfulness of this statement, I will state that about ten days ago I accepted in exchange for securities which I handle, 50 shares stock of the Union Pacific R. R. Company, at the price quoted at that moment, which was 126, and before the certificate could be endorsed and a broker authorized to offer the stock for sale on the floor of the Boston Exchange, the price had declined to 120, representing a net loss to me, in the space of only a few moments, of $300, and that, too, in a transaction of only 50 shares of the capital stock of one of the greatest American railroad companies.

One day during the past week, Christian Young, Jr., a resident of Mt. Vernon, N. Y., shot himself while seated in a cab as it approached the door of his home. When the policeman who was near by and heard the shot pulled open the door of the cab and asked the man, "Why did you shoot yourself?" his dying gasp was, "Wall Street." The market had gone against him. He had gone into Wall Street with his few thousands—played against gamblers with millions, and had lost, and finding that he had lost, that his small fortune had been swept from him, he decided to end it all, as others by the hundreds and thousands have done before.

Convertible Bonds of the Douglas Copper Company.

Some weeks ago I offered for public subscription at 110 flat a first allotment of the 6% convertible bonds of the Douglas Copper Company. At that time I printed a description of the company's valuable mining properties, located in the State of Sonora, Mexico. I pointed out the fact that the proposition was one of the most liberal, and, in fact, one of the most extraordinary ever submitted to investors.

As a result of the offering of these bonds I have received orders from all over the country—orders from all classes of investors. Of the first allotment there remains, at the present writing, in amount about $32,000 unsubscribed for. I invite subscriptions at the present quotation of 110 flat to the unsubscribed portion of these bonds, and in doing so submit herewith financial statement of the company issued May 1st, which is certified to by the American Audit Company, of New York. The statement shows the Douglas Copper Company to be in possession of the following assets:—

Properties, ore reserves, mines, machinery, real estate and buildings	$3,084,142.19
Stock held by trustees for the benefit of the company:	
141,823 shares, at par, $5 per share	709,115.00
Office furniture and fixtures	1,170.36
Cash in depositories	17,285.54
Bills and accounts receivable	75,350.15
The total assets, free and unencumbered, being	$3,887,063.24

The liabilities are certified to as follows:

Capital stock	$3,000,000.00
Bonds outstanding	197,600.00
Leaving a net surplus of	689,463.24

The Douglas Copper Company has authorized an issue of bonds to the amount of $600,000, the proceeds from which are to be used in the building and equipping of a smelter at its mines in Mexico, with a total capacity of 1,000 tons ore daily. I can, however, state authoritatively that the full amount of bonds authorized will never be issued; in fact, it is doubtful if a second allotment will be offered after this present allotment has been subscribed for.

These bonds represent to my mind one of the most liberal investment propositions ever offered to the public. I have said, and repeat, that more good news will be printed about the Douglas Copper Company during the next five years than will be printed about any other Copper Company in the United States.

I have said, and repeat, that subscribers to these bonds will have the satisfaction of exchanging them for stock of the Douglas Copper Company before the end of 1906 that will be worth from two to five times the face value of the bonds. This is possible on account of the valuable convertible privilege under which the bonds are issued, making them convertible into stock of the company at par for their full face value, at the option of the holder, any time during the year 1906.

Long before the end of 1906 the first and second unit of the great smelter will be in operation, and the company will commence the regular payment of large dividends to all stockholders. Bond coupons in the meantime will be paid promptly, which payments will net the investors 5½%.

Just as soon as the company is ready to commence the payment of dividends all bondholders will be given the privilege of exchanging their bonds for stock of the company at par, $5 per share, to the full face value of the boads.

Surely there could be submitted no proposition fairer or more liberal than this. The great value of this privilege is all the more apparent when it is remembered that many of the best experts of this country on mine values have gone into the Douglas mines and written their reports, showing that when the first unit of the great smelter is in operation crushing 250 tons ore daily the company will be able to pay dividends of not less than 30% on its entire capital stock. And when the second unit has been added at least 50% can be paid, and when the final unit has been added, bringing the total capacity up to 1,000 tons ore daily, at least 100% can be paid annually in dividends to all stockholders.

I will accept subscriptions for the unsubscribed portion of the first allotment at the present quotation of 110 flat, and emphasize in the strongest terms possible my belief that it would be impossible for any person to invest money to better advantage than by sending to me a subscription for one or more of the convertible bonds of the Douglas Copper Company. The bonds are issued in denomination of $100, $500 and $1,000. The price, therefore, at the present time of each $100 bond is $110, each $500 bond $550, and each $1,000 bond $1,100.

I shall be pleased to send to any investor, on request, a detailed report recently made upon these properties by Mr. Gustave M. Gouyard, the distinguished mining engineer of Denver, Colorado, together with the quarterly report of President Theodore Douglas just submitted to the Board of Directors, describing in detail the present satisfactory condition of the mines.

Seven Per Cent. Stock of the Erie Preserving Company.

I also offer herewith to-day, and advise the purchase by all investors, an allotment of the 7% preferred stock of the Erie Preserving Company of Buffalo, New York. This company was organized in 1873; incorporated in 1874. It has a capital stock of $1,300,000, shares to the amount of $450,000, being 7% cumulative preferred—$850,000 common. Par value of these shares is $100 each, all full-paid and non-assessable. The preferred stock is preferred both as to principal and dividends. The 7% dividends on the preferred stock are payable semi-annually, in March and September of each year.

The company owns and operates five extensive manufacturing plants, employing approximately two thousand people, as follows:—Factory and plant at Lockport, N. Y.; (2) Factory and plant at North Collins, Erie County, N. Y.; (3) Factory and plant at Fenton, Erie County, N. Y.; (4) Factory and plant at Irving, Chautauqua County, N. Y.; (5) Factory and plant at Model City, Niagara County, N. Y. The company owns seventy-seven acres of land adjoining its different factories, upon which are located the cottages for its army of employees, the tenement and apartment houses being sufficient to accommodate two hundred and twelve families. All of the above property, including the real estate upon which the several buildings are located and the machinery, fixtures, stock and material on hand, by means of which the plants are operated, are free and clear of mortgage or other encumbrance. The buildings are up to date and the machinery equipment of the most modern pattern. The factories are located in the immediate vicinity of extensive fruit, berry and vegetable producing land, which furnishes a large part of the supplies necessary for carrying on the business.

The Erie Preserving Company owns 40% of the capital stock of the Buffalo Tin Can Company, and a large part of the balance of the stock of that company is owned by stockholders of the Erie Preserving Company. This connection with the Buffalo Tin Can Company is of enormous advantage, as it places the Erie Preserving Company in an entirely independent position in regard to its supplies of cans.

The books of the Erie Preserving Company show that the average annual net profits for the past seven years, ending December 31, 1904, were $97,689.29. In this audit nothing was allowed for depreciation, for the reason that sufficient of the labor of erecting and improving the company's plants during the past seven years was performed by employees of the company and paid for out of the profits of the company, to more than offset depreciation; and the inventories of land and machinery made by disinterested experts show a value largely in excess of the values at which the plants have been carried on the books of the company. The average net earnings, as shown above, are sufficient to pay 7% on all of the preferred stock, and more than 7% upon all the common stock of the company, and are over THREE TIMES ENOUGH to pay 7% upon all the preferred stock of the company.

The real estate, including buildings, and machinery belonging to the company, were recently inventoried by wholly disinterested experts, and at the same time the company inventoried its stock on hand and other personal property. All finished goods were inventoried at their net selling prices (at which prices they had then nearly all been sold), and all materials on hand at their actual cost prices. This inventory, including accounts and bills receivable and cash on hand, shows the net value of the assets of the company, in real estate, buildings and machinery, to be $809,243.19. From these figures it will be seen that the net value of the actual assets of the company is practically double the entire amount of the preferred stock of the company, at par. This does not include the estimated valuation of $500,000 which could conservatively be placed on the name, trade-marks, labels, reputation and good-will of the business.

The five factories of the company are conveniently arranged and equipped with modern, labor-saving, up-to-date machinery, full advantage being taken of every new discovery and device that will improve the quality or lessen the cost, the aim of the company always being to please and satisfy the consumer.

In these factories are made canned fruits of all kinds, canned vegetables of all kinds, tomato catsup, fruit jams and preserves in glass and tin, fruit jellies in tin and wood, condensed mincemeat, food in gallon tins for first-class hotel, steamship and restaurant trade, over one hundred varieties and all sizes. These goods are sold at the present time in all the States and Territories of the Union, Great Britain and the Philippines, and it is the purpose of the management to establish agencies and depots in South America, Mexico and South Africa, where preserved fruits are rapidly coming into favor.

The company each Spring makes contracts with some five hundred and fifty farmers and market gardeners for the product of between six and seven thousand acres of their land for the full line of vegetables and small fruits which the company preserves. These contracts are formidable, signed, sealed and given only to farmers and gardeners of known ability, who will care for their crops properly and deliver them in the proper state for preserving. The company furnishes these market gardeners with selected pedigree seed and improved varieties of small fruits that have been especially grown for the company by expert seedsmen, so that all the products delivered at the factories run uniform and high grade in quality, insuring to the company a full and constant supply of raw material as various crops mature, thus making it independent of the city markets, and enabling it to preserve a high quality of goods. The company also tills about 1400 acres of land adjoining its various factories, as fruit and vegetable gardens, with its own expert gardeners and equipment, thus giving its growers lessons on intensive culture, and making it also a source of revenue.

The company points with a degree of pardonable pride to the page of fame in its book of history wherein is written the following list of medals of bronze, silver and gold, awarded for the absolute purity and superiority of its products:

1875 American Institute Fair at New York City—Gold Medal.
1876 Centennial Exhibition at Philadelphia—Gold Medal.
1878 Universal Exposition at Paris, France—Silver Medal.
1880 American Institute Fair at New York City—Gold Medal.
1885 New Orleans Cotton Exhibition at New Orleans—Gold Medal.
1888 American Institute Fair at New York City—Gold Medal.
1889 French Exhibition at Paris, France—Grand Prix.
1890 Grand Food Exhibition at New York City—Highest Award.
1891 Buffalo Manufacturers' Fair at Buffalo, N. Y.—Highest Award.
1893 Columbian Exposition at Chicago—3 Medals, 3 Diplomas, Highest Award.
1897 Pure Food Exhibition at Buffalo, N. Y.—Highest Award.
1900 Grand Exposition at Paris, France—Highest Award.
1901 Pan-American Exposition at Buffalo, N. Y.—2 Gold Medals, Highest Award.
1904 Louisiana Purchase Exposition at St. Louis—2 Gold Medals, Highest Award.

In addition to the payment of regular semi-annual dividends on its preferred stock, the company's statement shows an accumulated net surplus of $96,643.19 on January 2, 1905.

Stock of this company represents an investment in an established, profitable business, growing and expanding, making good things to eat that people want and are willing to pay for—good goods that are considered necessities and are in use three times a day on tables of ninety families out of every hundred. The manifold advantages of an investment in the preferred and common stock of this company should be apparent to any one. It represents absolute security, with guaranteed returns sufficiently large to satisfy even the most exacting investor.

I am able to sell the 7% preferred stock of this company at par, $100 per share. Subscribers to the preferred stock are given the privilege of purchasing one share of the company's common stock at $69 with each three shares of the preferred stock subscribed for. It would be impossible for me to recommend too highly or to advise too strongly the purchase of this stock by all investors.

Eight Per Cent. Preferred Stock with Common Stock Bonus.

Another proposition which I am offering customers of my office is the 8% preferred stock of the Howe Paint & Color Works, of Worcester, Massachusetts. I know this to be a gilt-edge investment in every sense of the word. Paint making is, and always has been, extremely profitable when well managed, and the stock of the various paint manufacturing companies, generally speaking, is held by families of strong interest. It is scarcely possible to-day to buy at any price stock of any of the leading paint manufacturing corporations.

The Howe Paint & Color Works is closely allied with the G. S. & A. J. Howe Company, an old paint jobbing house of Worcester, Mass., which has had a successful business career covering a period of fifty-four years. The dividends on the preferred stock of this company are payable semi-annually, in July and January of each year, and all subscribers to this stock at the present time will be entitled to and receive the regular 4% on the preferred stock, which is payable July 1st.

The capital stock of the Howe Paint & Color Works is $130,000, shares to the amount of $40,000 being designated as 8% preferred stock, and shares to the amount of $90,000 being common stock. The par value of both the preferred and common stock is $10 per share.

I am in position for a short time to accept orders for the 8% preferred stock of this company at par, $10 per share, and give absolutely free as a bonus one share of the common stock with each share of the preferred stock subscribed for at par, $10 per share.

I want to call especial attention to the bonus that goes with the 8% preferred stock of this company, for it is likely to mean a great deal to many who invest at the present time. It means that in a year or two the common stock that goes free with the preferred stock will be paying handsome dividends of not less than 10% annually, and, of course, the 8% on the preferred stock goes right along to the end of the chapter. Whatever dividends, therefore, are paid on the common stock of the company at any time may be properly added by the investor to the 8% dividends which he will get regularly on his preferred stock, because the common stock will cost him nothing.

I recommend the purchase of this stock by all investors, being fully aware of the fact that it is a case where incredulity must be brushed aside, and that much abused word "conservatism" put away in the camphor chest, where it belongs. I know what I am talking about, and am willing to stake my reputation on the prophecies which I make.

I extend a cordial, sincere invitation to all investors to write to me and ask questions about any investments which they may contemplate. I want to get acquainted in this way with all persons with money for investment. I know that I can be of service, and I want to help the greatest number possible. I say earnestly, and without a particle of egotism or boasting, that I have saved to investors during the past six months several hundred thousand dollars, by advising against bad investments. Copies of letters which I have written are on file at my office, showing that I advised against placing money in securities of, practically speaking, every financial enterprise which has either failed or proved sadly disappointing during the past year, among which might be mentioned the Storey Cotton Company, the Ubero Plantation Company, Montreal & Boston, the Provident Investment Bureau, Leslie, Morris & Company, and numerous others. I make no charge to investors for suggestions or advice.

For the better accommodation of the rapidly increasing army of investors who are finding it profitable to accept my advice and suggestions, I have opened, in addition to my Boston offices, offices in New York and Philadelphia, and I extend an invitation to all investors who can conveniently do so to call at any of my three offices. If you cannot call, write to the office most convenient to you. My Boston office is at Rooms 90, 91 and 92 Journal Building, my New York office is at Rooms 1543, 1545 and 1547, 42 Broadway, and my Philadelphia office is at Rooms 1021 and 1022 Betz Building.

I am very much in earnest in the work in which I am engaged, the work of pointing out a safe way for the masses of the people to invest money, and I place the facilities of my three offices at the disposal of any and all investors who may either write or call in person. In writing to me, remember to address all letters plainly to me at either Rooms 90-91-92 Journal Building, Boston, Rooms 1543-1545-1547, 42 Broadway, New York, or Rooms 1021-1022 Betz Building, Philadelphia.

Boston, New York and Philadelphia, May 6, 1905.

C. F. KING.